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# **Office of the City Auditor**



## **Performance Audit of the Centre City Development Corporation**

**July 20, 2009  
San Diego City Council Audit Committee**



# Scope & Objectives

The purpose of the audit included evaluating CCDC's:

- Goals, performance measures, and key activities.
- Development and design review processes, including selection of developers.
- Budgeting practices and procedures.
- Salary and non-salary compensation programs.
- Expenditures for reasonableness, allowability, compliance, and conflicts of interest.
- Procurement practices and procedures, including whether conflict of interest situations exist.
- Reported equipment and assets.
- Information provided by CCDC to the Board.
- Internal controls over financial and exception reporting, segregation of duties, and transaction review and approval.
- Conflict of interest provisions.



## Key Findings

- CCDC's Redevelopment Activities Have Been Successful, but Opportunities for Improvement Exist
- Existing Internal Controls Over CCDC's Business Practices Require Improvement
- Governance and Oversight Must be Strengthened to Enhance Transparency and Accountability.



# Redevelopment Activities Have Been Successful

## **Best practices**

- Design Review and Permit Processing
- Public Improvements & Project Management
- Financial Assistance Programs
- Public Outreach
- Long-Range Planning, Studies, and Needs Assessments

## **Demonstrable Successes**

- Increases in Property Values
- Expanded Supply of Affordable Housing
- Stakeholder Support and Satisfaction



## Opportunities for Improvement

- Economic Development Activities
- Affordable Housing Trends
- Permitting Fees and Development Impact Fees
- Strategic Planning and Performance Measurement



# Internal Controls Require Improvement

- Procurement and Expenditure Processing
  - Documentation of Competitive Procedures
  - Record Retention
  - Reporting to the Board
  - Expenditure Processing
- Segregation of Duties
- Conflicts of Interest



# Oversight Must Be Strengthened

- Both CCDC and Agency Have Already Taken Steps
- Enhancing CCDC Board Oversight
  - Performance measurement regarding core activities—project management, permit processing, loan portfolio management, goal-achievement.
  - Internal Business Operations—procurement, accounts payable, internal controls.
  - Establish a Clear Line of Succession for CEO/COO Responsibilities.



## Oversight (Cont.)

- Enhancing Agency Oversight
  - Require CCDC to Employ Adequate Internal Control Structure.
  - Enhance Specificity Regarding Allowable Expenditures in Operating Agreement.
  - Establish Performance Measures Against which the Agency Could Evaluate Success.
  - Clearly Delineate Role of the Executive Director, and CCDC's Reporting Relationship.